

Message Text

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ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 SS-20 EB-11 COME-00 TRSE-00

OMB-01 FEA-02 INT-08 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

USIA-15 STR-08 CEA-02 CIEP-02 DRC-01 /158 W

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R 242211Z JAN 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2563

UNCLAS OTTAWA 0223

POUCHED FOR INFO ALL CONSULAR POSTS IN CANADA

PASS AGRICULTURE FOR D.L. HUME/FAS.

E.O. 11652: N/A

TAGS: EAGR CA ENRG

SUBJECT: BI-WEEKLY AGRICULTURE ENERGY SITUATION REPORT

REFERENCE: (A) FASTO CIRCULAR 296 (B) OTTAWA 0194 JAN 21 (C)

OTTAWA 0198 JAN 21 (D) OTTAWA 0213 JAN 23

BEGIN SUMMARY REFTEL (B) FORECASTS CONTINUE TO REFLECT
MODEST IMPACT OF CANADA'S ENERGY SITUATION ON MACROECONOMIC
INDICATORS (E.G. GNP, CONSUMER PRICE INDEX, EXPORTS,
IMPORTS, BALANCE OF PAYMENTS, EMPLOYMENT) FOR 1974, BUT
SUCH FORECASTS CONSIDERED HIGHLY TENTATIVE AND COULD CHANGE
SIGNIFICANTLY IF U.S. ECONOMY DETERIORATES DUE TO ENERGY
CRISIS BEYOND FIRST HALF OF YEAR. REFTEL (C) REPORTS
CANADA'S OIL PRODUCTION AND TRADE DATA REFLECTING NOMINAL
SELF-SUFFICIENCY. REFTEL (D) SUMMARIZED THE AGREEMENT
REACHED AT THE FEDERAL-PROVINCIAL ENERGY CONFERENCE, OTTAWA,
JANUARY 22, 23 TO EXTEND THE PRICE FREEZE TO MARCH 31.
MINAGR WHELAN IN JANUARY 22 MEETING WITH CANADIAN FERTILIZER
INDUSTRY REPRESENTATIVES WAS ASSURED OF NO OVERALL

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SHORTAGE OF FERTILIZERS IN CANADA THIS SPRING. END SUMMARY

1. MINAGR WHELAN WAS TOLD BY FERTILIZER INDUSTRY REPRESENTATIVES DURING JANUARY 22 MEETING NO OVERALL SHORTAGE EXPECTED IN 1974 BUT MORE IMPORTANT PROBLEM WILL BE TRANSPORTAION AND DISTRIBUTION OF FERTILIZERS. INDUSTRY-GOVERNMENT COMMITTEE TO BE FORMED OF OFFICIALS SPECIALIZING IN FERTILIZERS AND TRANSPORTATION. WHELAN STATED CANADIAN FERTILIZER DEMAND UP 11 TO 13 PERCENT IN 1973 IS FORECAST TO INCREASE BY ANOTHER 8 TO 11 PERCENT IN 1974. BIGGEST INCREASE IN WESTERN CANADA WHERE SALES UP 35 PERCENT IN 1973 AND FORECAST UP ANOTHER 20 PERCENT IN 1974. FERTILIZER SPOKESMEN STATED INDUSTRY ABLE TO MEET THIS DEMAND, WITH ONLY MAJOR PROBLEMS BEING SUPER-PHOSPHATES FOR ONTARIO AND FERTILIZER WHICH INCLUDE SULPHATE OF POTASH, MAINLY FOR TOBACCO AND POTATOES. SUPPLIES OF RAW MATERIALS FOR SUPER-PHOSPHATE FERTILIZERS MAINLY FROM FLORIDA AND SULPHATE OF POTASH FROM U.S. EXPECTED TO BE LIMITED. HOWEVER, INDUSTRY OFFICIALS OPTIMISTIC THAT FORMULA OR OTHER ADJUSTMENTS SHOULD MEET THIS PROBLEM. INDUSTRY SPOKESMAN TOLD WHELAN CANADIAN FERTILIZER PRICES APPEAR TO BE SUBSTANTIALLY LOWER THAN U.S. PRICES, REVERSING POSITION OF RECENT PRICE PATTERNS BETWEEN THE TWO COUNTRIES.

2. RECENT PRESS ARTICLES CITING SASKATCHEWAN WHOLESALE AND TRUCKING FIRMS SPOKESMEN REFLECT CONCERN OVER U.S. FRESH VEGETABLE DELIVERY DELAYS AND LIKELY INCREASED PRICES IN SASKATCHEWAN FOR FRESH PRODUCE IF "ENERGY CRISIS" IN U.S. GET WORSE. SASKATOON MENTIONED AS DEPENDENT NOVEMBER-JUNE UPON U.S. FOR 80 PERCENT OF FRESH PRODUCE (25 TO 30 TRUCKLOADS 40,000 POUNDS EACH PER WEEK) MOSTLY FROM CALIFORNIA AND FLORIDA. SIMILAR CONCERNS NOT YET NOTED IN EASTERN CANADA'S PRESS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, EXPORTS, PETROLEUM PRODUCTION, TRADE DATA, PROGRESS REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA00223
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740119/aaaaaac.tel
Line Count: 93
Locator: TEXT ON-LINE
Office: ACTION AGR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) FASTO CIRCULAR 296 (B) OTTAWA 01, 94 JAN 21 (C)
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 04 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 OCT 2002 by WorrelSW>; APPROVED <25-Nov-2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BI-WEEKLY AGRICULTURE ENERGY SITUATION REPORT
TAGS: EAGR, ENRG, CA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005